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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

WILL EASY CREDIT INCREASE RESIDENTIAL CONSTRUCTION ?

THE sluggishness of the economy during 1960 has prompted several Federal agencies to act to increase demand for goods and services. Since the steel strike of 1959, between 4.9 and 6.1 percent of the labor force have been unemployed. Currently, 5.5 percent are unemployed. The Federal Reserve index of industrial production, which measures the physical output of the economic system, has been moving slowly downward. Most particularly, real estate sales and new residential construction have felt the impact of a more slowly growing economic machine. Real estate sales, the number of voluntary real estate transfers per 10,000 families, is now 76.1 compared with 85.6 during July a year ago. Private residential construction expenditures, \$2.2 billion, are 9 percent below what they were during July a year ago.

The first action taken to promote demand was by the Federal Housing Administration. During May it lowered minimum downpayments on FHA-insured houses with an FHA appraised value above \$13,500 in order to make it possible for more people to be able to finance a house at this time. In June the Federal Reserve Banks reduced the rediscount rate from 4 percent to 3.5 percent to lower the cost of member bank borrowing from the Federal Reserve Banks. This move has more of a psychological effect on business than any direct influence. Then the Federal Reserve reduced the reserve requirements of banks enough to allow them to expand their loans \$3.6 billion. This month the rediscount rate was lowered again to 3 percent at four Federal Reserve Banks.

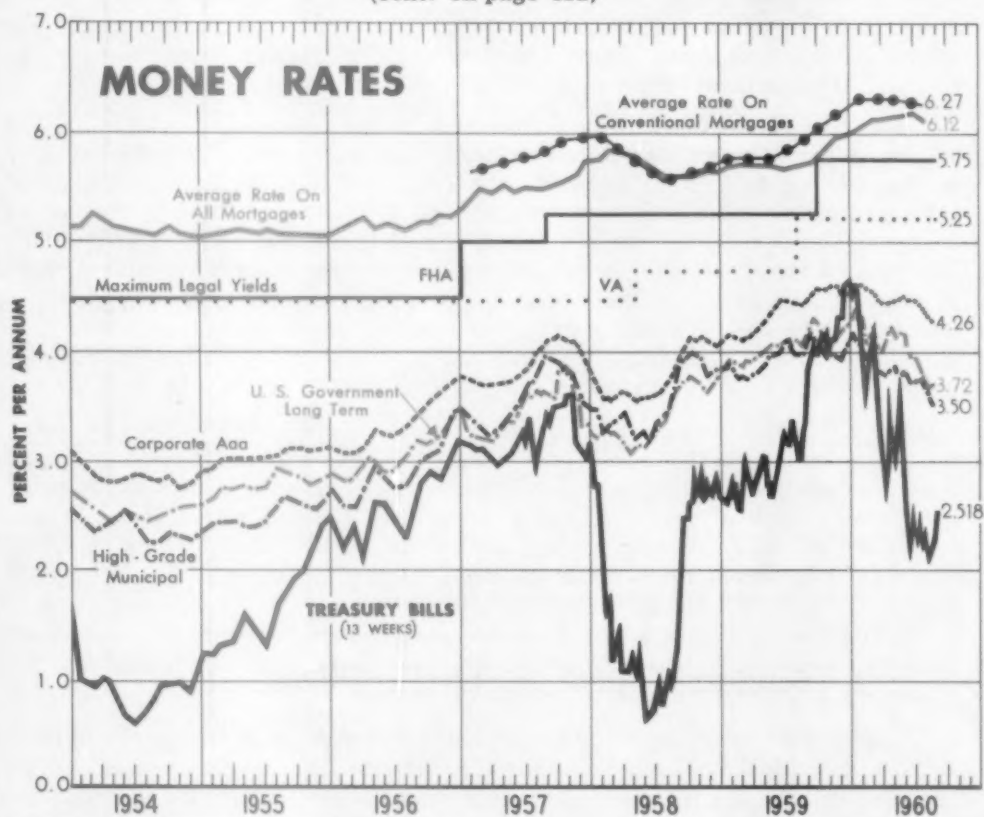
The FHA Commissioner, Julian H. Zimmerman, liberalized home financing provisions of Section 203 of the National Housing Act by authorizing a $\frac{1}{2}$ percent additional service charge on mortgages not in excess of \$9,000. Formerly, the additional $\frac{1}{2}$ percent service charge was allowed for homes mortgaged for \$8,000 or less. In making this authorization Mr. Zimmerman said, "We take this action to further encourage production of homes for purchase by persons with lower incomes. After exhaustive studies and discussions with all segments of the residential construction industry, we have now determined that in order to get more low-cost homes financed, built, and on the market, it is necessary to permit the additional service charge."

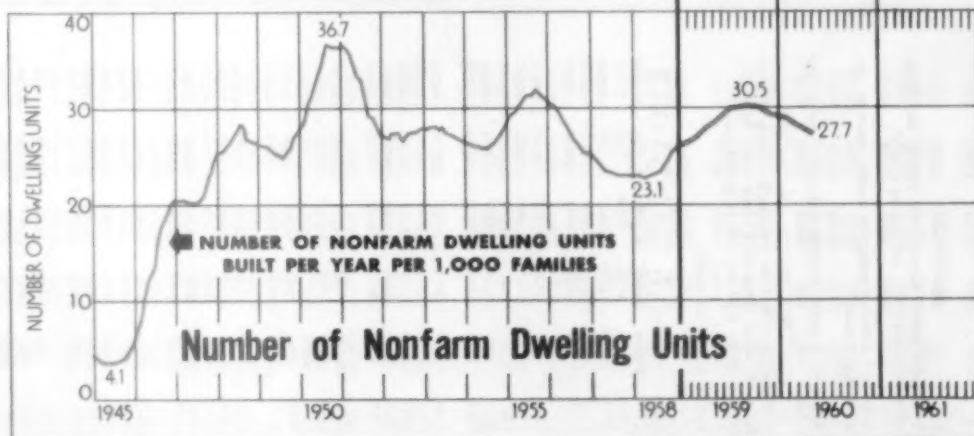
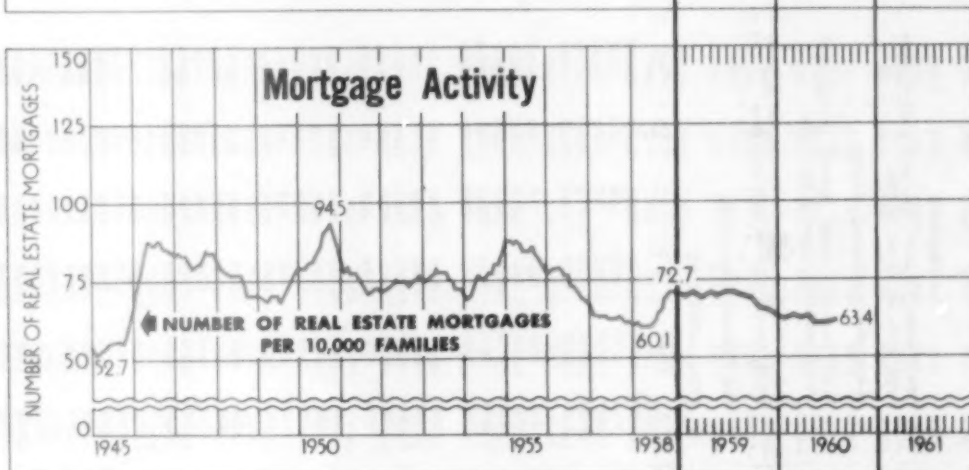
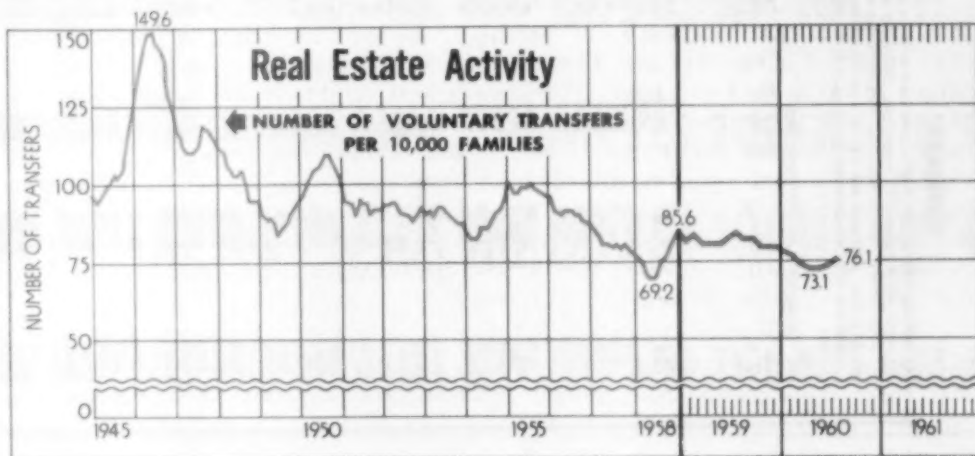
Another attempt to raise more mortgage money was made last month by the Federal Housing Administration when it authorized individuals to invest in Government-insured mortgages. There were high hopes that the high yields would attract them.

Will easy credit increase residential construction? To answer this question, suppose that interest rates are high, higher than during a preceding period, and that borrowers are so numerous that lenders can pick and choose the people to whom they will lend. The Government, at this point, decides that it is in the public's interest to ease credit. They increase the money supply by buying Government securities, lowering the reserve requirements, or lowering the rediscount rate, or all three. The public finds that its cash balances have increased. It will spend and invest more than before the increase. This will have one of two effects. If there is unemployment, employment will increase, output will increase, and prices will remain unchanged. If there is full employment, output will remain unchanged, and prices will increase.

This, however, applies to production in general, not to construction in particular. Perhaps investment funds should seek other sources. It may be that residential construction cannot be increased by easing credit in the next year or so.

We have increased the total number of dwelling units in the housing inventory to 58,581,841 units, an increase of 27 percent from 1950 to 1960. Since 1950 the vacancy rate for units vacant and available for rent has risen from 2.5 percent to 7.3 percent in the second quarter of 1960. The vacancy rate on units vacant and available for sale is still a low 1.2 percent. Even during
(cont. on page 412)





BUILDING COSTS OF AN EIGHTEEN-FAMILY BRICK APARTMENT HOUSE BUILT IN ST. LOUIS

MATERIAL

1. Cost of face brick, salmon brick, dobbies, flue lining, terra cotta, cut stone, and building stone.
2. Cost of all materials going into mortar, concrete, cement, and plaster.
3. Cost of all lumber, flooring, millwork, roofing, and paint.
4. Cost of all materials for plumbing, heating, electrical work, sheet metal work, iron work, hardware, marble, tiling, vitrolite, and special equipment.

5. TOTAL MATERIAL COST.

| Year | 1 | 2 | 3 | 4 | 5 |
|------|---------|--------|---------|---------|---------|
| 1913 | \$ 3904 | \$1856 | \$ 7440 | \$ 7736 | \$20936 |
| 1914 | 3944 | 1864 | 7464 | 7703 | 20575 |
| 1915 | 3810 | 1869 | 7452 | 7578 | 20809 |
| 1916 | 4319 | 1844 | 7935 | 9725 | 23823 |
| 1917 | 4908 | 2246 | 8953 | 12588 | 28695 |
| 1918 | 5707 | 2768 | 12200 | 13143 | 33638 |
| 1919 | 6746 | 3346 | 13965 | 12626 | 36685 |
| 1920 | 7786 | 4097 | 17395 | 14770 | 44008 |
| 1921 | 6540 | 3605 | 12257 | 11862 | 34284 |
| 1922 | 6795 | 3162 | 12562 | 11190 | 33709 |
| 1923 | 7217 | 3362 | 13455 | 12176 | 36210 |
| 1924 | 7340 | 3502 | 12090 | 14505 | 37437 |
| 1925 | 7118 | 3191 | 11875 | 18333 | 40517 |
| 1926 | 6560 | 3024 | 11038 | 18460 | 39082 |
| 1927 | 6249 | 3061 | 10040 | 19968 | 39348 |
| 1928 | 6118 | 2820 | 10271 | 17010 | 36220 |
| 1929 | 5784 | 2759 | 10615 | 16397 | 35555 |
| 1930 | 5889 | 2559 | 9194 | 15577 | 33019 |
| 1931 | 5924 | 2340 | 8047 | 13797 | 29478 |
| 1932 | 4763 | 2422 | 7445 | 12412 | 27042 |
| 1933 | 5830 | 2448 | 8830 | 10840 | 27358 |
| 1934 | 6080 | 2850 | 11600 | 12325 | 32685 |
| 1935 | 6860 | 2835 | 10775 | 12860 | 32470 |
| 1936 | 5925 | 2550 | 10400 | 13560 | 32455 |
| 1937 | 6210 | 2610 | 10860 | 13410 | 35060 |
| 1938 | 6200 | 2615 | 10490 | 13640 | 32945 |
| 1939 | 5410 | 2560 | 10400 | 13050 | 31420 |
| 1940 | 5585 | 2573 | 11463 | 12848 | 32489 |
| 1941 | 5683 | 2695 | 13445 | 13560 | 35343 |
| 1942 | 6293 | 2776 | 13788 | 16243 | 39100 |
| 1943 | 6410 | 2799 | 14270 | 16640 | 40116 |
| 1944 | 6488 | 2858 | 16408 | 16540 | 42394 |
| 1945 | 6835 | 2909 | 17268 | 16723 | 43735 |
| 1946 | 7764 | 3116 | 17588 | 18491 | 46959 |
| 1947 | 7764 | 3816 | 26953 | 21628 | 60161 |

LABOR

6. Cost of setting all stone, tile, marble and vitrolite, laying brick, and pouring concrete.
7. Cost of labor on lathing and plastering.
8. Cost of carpentry, roofing, flooring, painting, decorating, and builder's general supervision.
9. Cost of installing plumbing material and fixtures, wiring, heating plant, and sheet metal work.
10. Cost of excavation and grading.

11. TOTAL LABOR COST.

| | 6 | 7 | 8 | 9 | 10 | 11 |
|---------|--------|---------|--------|--------|---------|---------|
| \$ 3620 | \$2640 | \$ 4601 | \$1476 | \$1062 | \$13369 | \$13369 |
| 3620 | 2650 | 4651 | 1476 | 1062 | 13459 | 13459 |
| 3560 | 2650 | 4661 | 1542 | 1062 | 13495 | 13495 |
| 3740 | 2650 | 4662 | 1602 | 1060 | 13744 | 13744 |
| 4147 | 2710 | 5063 | 1657 | 1110 | 14687 | 14687 |
| 4243 | 2800 | 5437 | 1717 | 1110 | 15307 | 15307 |
| 4736 | 3000 | 5843 | 1784 | 1332 | 16695 | 16695 |
| 4626 | 3150 | 8255 | 2035 | 1322 | 19588 | 19588 |
| 4050 | 3330 | 8430 | 2082 | 1322 | 20214 | 20214 |
| 4940 | 3400 | 7817 | 2225 | 1608 | 19990 | 19990 |
| 5194 | 3400 | 8605 | 2404 | 1801 | 21404 | 21404 |
| 6450 | 4150 | 10075 | 2831 | 1891 | 25397 | 25397 |
| 6960 | 4150 | 10221 | 2831 | 1891 | 25553 | 25553 |
| 6654 | 3700 | 10311 | 2538 | 1891 | 25094 | 25094 |
| 6614 | 3650 | 10244 | 2508 | 1891 | 24904 | 24904 |
| 6394 | 3390 | 10244 | 2560 | 1891 | 24479 | 24479 |
| 5970 | 3020 | 10264 | 2551 | 1946 | 23771 | 23771 |
| 5873 | 2359 | 8610 | 2544 | 1773 | 21159 | 21159 |
| 5120 | 1960 | 7439 | 2534 | 1332 | 18364 | 18364 |
| 4358 | 1635 | 6467 | 2100 | 1175 | 15623 | 15623 |
| 3990 | 1560 | 5080 | 2040 | 1100 | 13770 | 13770 |
| 3960 | 1560 | 5080 | 2040 | 1100 | 13770 | 13770 |
| 5150 | 1260 | 6350 | 2040 | 1245 | 16735 | 16735 |
| 5810 | 2245 | 7400 | 2040 | 1580 | 18775 | 18775 |
| 5820 | 2360 | 8400 | 1675 | 1580 | 19655 | 19655 |
| 5125 | 2025 | 7305 | 1675 | 1245 | 17375 | 17375 |
| 5040 | 1910 | 6590 | 1675 | 1245 | 16460 | 16460 |
| 6170 | 2950 | 7533 | 1775 | 1580 | 20068 | 20068 |
| 7013 | 3189 | 8136 | 1963 | 2109 | 23400 | 23400 |
| 7678 | 3270 | 10298 | 2153 | 2183 | 25582 | 25582 |
| 6905 | 3194 | 9155 | 1890 | 2130 | 23274 | 23274 |
| 6658 | 3137 | 8820 | 1890 | 2343 | 23048 | 23048 |
| 8130 | 3939 | 11003 | 2235 | 3099 | 28106 | 28106 |
| 10768 | 4753 | 14630 | 3008 | 3455 | 38614 | 38614 |
| 12400 | 5780 | 16200 | 3800 | 3688 | 41868 | 41868 |

OVERHEAD

12. TOTAL OVERHEAD COST. This item includes cost of all city permits, city inspections, and utility connection costs; cost of financing, interest during construction, insurance and sales commission on the building only; and estimated profit made by the builder.

13. TOTAL COST OF CONSTRUCTION.

| | 12 | 13 | Ch. ft. cost | Sq. ft. cost |
|---------|----------|----------|--------------|--------------|
| \$ 8543 | \$ 40573 | \$ 40573 | 24.35 | \$ 3.08 |
| 8493 | 40527 | 40527 | 24.1 | 3.06 |
| 5559 | 40862 | 40862 | 24.3 | 3.08 |
| 7141 | 44708 | 44708 | 26.6 | 3.37 |
| 8214 | 51596 | 51596 | 30.8 | 3.89 |
| 9141 | 58286 | 58286 | 34.6 | 4.40 |
| 9917 | 63297 | 63297 | 37.6 | 4.77 |
| 11795 | 75391 | 75391 | 44.8 | 5.69 |
| 10338 | 64816 | 64816 | 38.5 | 4.89 |
| 10109 | 63808 | 63808 | 37.9 | 4.81 |
| 10874 | 69488 | 69488 | 40.7 | 5.17 |
| 11966 | 74800 | 74800 | 44.4 | 5.64 |
| 12721 | 79091 | 79091 | 47.0 | 5.96 |
| 12320 | 76466 | 76466 | 45.4 | 5.77 |
| 12228 | 76478 | 76478 | 45.4 | 5.77 |
| 11659 | 72328 | 72328 | 43.0 | 5.45 |
| 11367 | 70713 | 70713 | 42.0 | 5.33 |
| 10468 | 64648 | 64648 | 38.4 | 4.86 |
| 8360 | 57202 | 57202 | 34.0 | 4.31 |
| 8363 | 51050 | 51050 | 30.3 | 3.85 |
| 7983 | 49111 | 49111 | 28.2 | 3.70 |
| 8742 | 55197 | 55197 | 32.8 | 4.16 |
| 9183 | 58368 | 58368 | 34.7 | 4.40 |
| 9609 | 60638 | 60638 | 36.1 | 4.59 |
| 10047 | 62992 | 62992 | 37.4 | 4.75 |
| 9062 | 59382 | 59382 | 35.3 | 4.48 |
| 9243 | 57123 | 57123 | 33.9 | 4.30 |
| 10035 | 62532 | 62532 | 37.1 | 4.72 |
| 69998 | 41.6 | 69998 | 41.6 | 5.28 |
| 12065 | 12065 | 12065 | 45.0 | 5.79 |
| 78787 | 78787 | 78787 | 45.0 | 5.79 |
| 11868 | 75260 | 75260 | 44.7 | 5.63 |
| 12212 | 77654 | 77654 | 46.1 | 5.89 |
| 13288 | 85129 | 85129 | 50.6 | 6.42 |
| 15261 | 98834 | 98834 | 58.7 | 7.45 |
| 18384 | 120413 | 120413 | 71.5 | 9.08 |

| | | | | | | | | | | | | | | | |
|---------|-------|------|-------|-------|-------|-------|------|-------|------|------|-------|-------|--------|-------|-------|
| Ja 1948 | 8260 | 4060 | 27450 | 23200 | 63070 | 13900 | 6000 | 16900 | 3870 | 4550 | 45220 | 19550 | 127840 | 75.9 | 9.64 |
| Ap 1948 | 8820 | 4280 | 27820 | 27810 | 68530 | 13900 | 6000 | 16900 | 3870 | 4550 | 45220 | 20290 | 134040 | 79.6 | 10.11 |
| Ji 1948 | 9000 | 4380 | 28100 | 28100 | 70470 | 14620 | 6375 | 18100 | 4250 | 4650 | 47995 | 21110 | 139675 | 82.9 | 10.52 |
| O 1948 | 9025 | 4395 | 28250 | 31250 | 72910 | 14620 | 6375 | 18100 | 4250 | 4650 | 47995 | 21502 | 142407 | 84.5 | 10.74 |
| Ja 1949 | 9500 | 4440 | 29400 | 30300 | 72640 | 14620 | 6375 | 18100 | 4250 | 4650 | 47995 | 21547 | 143182 | 85.0 | 10.80 |
| Ap 1949 | 9500 | 4440 | 29400 | 30100 | 72340 | 14620 | 6375 | 18100 | 4250 | 4650 | 47995 | 21490 | 142725 | 84.8 | 10.78 |
| Ji 1949 | 9500 | 4440 | 27000 | 30000 | 70940 | 14850 | 6350 | 18200 | 4325 | 4650 | 48355 | 21362 | 140557 | 83.5 | 10.60 |
| O 1949 | 9500 | 4440 | 27250 | 30000 | 71190 | 14850 | 6350 | 18200 | 4325 | 4650 | 48355 | 21310 | 140855 | 83.7 | 10.62 |
| Ja 1950 | 9500 | 4440 | 27250 | 28150 | 69340 | 14850 | 6350 | 18200 | 4325 | 4650 | 48355 | 20998 | 138693 | 82.4 | 10.46 |
| Ap 1950 | 9500 | 4460 | 28200 | 28150 | 70310 | 14850 | 6350 | 18200 | 4325 | 4650 | 48355 | 21164 | 139659 | 83.0 | 10.55 |
| Ji 1950 | 10104 | 4588 | 30084 | 29378 | 74134 | 15622 | 6435 | 19286 | 4325 | 4702 | 50370 | 22718 | 147222 | 87.4 | 11.10 |
| O 1950 | 10479 | 4680 | 33098 | 29378 | 77655 | 15622 | 6435 | 19286 | 4325 | 4702 | 50370 | 23191 | 151198 | 89.8 | 11.40 |
| Ja 1951 | 10786 | 4680 | 32004 | 30593 | 78083 | 15798 | 6435 | 20098 | 4325 | 4721 | 51977 | 22989 | 153009 | 90.9 | 11.54 |
| Ap 1951 | 10786 | 4680 | 32004 | 31388 | 80097 | 16415 | 6435 | 20998 | 4325 | 4721 | 51977 | 23373 | 156084 | 92.7 | 11.77 |
| Ji 1951 | 10786 | 4680 | 33043 | 31388 | 80097 | 16415 | 6435 | 20998 | 4408 | 4721 | 52875 | 23389 | 158151 | 92.7 | 11.78 |
| O 1951 | 11458 | 4680 | 32960 | 31388 | 80685 | 17531 | 6853 | 22240 | 4408 | 5193 | 58623 | 24300 | 161109 | 95.7 | 12.15 |
| Ja 1952 | 11458 | 4680 | 32957 | 31154 | 80149 | 17531 | 6853 | 22240 | 4408 | 5193 | 58623 | 24128 | 160500 | 95.3 | 12.10 |
| Ap 1952 | 11458 | 4680 | 32317 | 30608 | 79264 | 17531 | 6853 | 22240 | 4640 | 5193 | 58487 | 24037 | 159778 | 94.8 | 12.08 |
| Ji 1952 | 11458 | 4680 | 31891 | 30608 | 78618 | 17531 | 6853 | 22240 | 4640 | 5193 | 58487 | 23897 | 159272 | 94.8 | 12.01 |
| O 1952 | 11458 | 4680 | 31891 | 30627 | 78756 | 17531 | 6853 | 22240 | 4798 | 5193 | 58615 | 24022 | 159595 | 94.7 | 12.02 |
| Ja 1953 | 11458 | 4680 | 31891 | 30827 | 78756 | 17748 | 6853 | 22240 | 4798 | 5509 | 57148 | 24131 | 160035 | 95.0 | 12.07 |
| Ap 1953 | 11617 | 5008 | 32446 | 32358 | 81409 | 17748 | 6853 | 22240 | 4798 | 5509 | 57148 | 24491 | 165048 | 96.8 | 12.30 |
| Ji 1953 | 11617 | 5008 | 32456 | 32353 | 81414 | 17748 | 6853 | 22240 | 4798 | 5509 | 57148 | 24491 | 165053 | 96.8 | 12.30 |
| O 1953 | 11617 | 5008 | 32865 | 32971 | 82961 | 17748 | 6853 | 22240 | 4798 | 5509 | 57148 | 24602 | 164011 | 97.4 | 12.37 |
| Ja 1954 | 11634 | 5074 | 32519 | 32066 | 82513 | 17748 | 6853 | 22240 | 4798 | 5509 | 57148 | 24609 | 164070 | 97.4 | 12.37 |
| Ap 1954 | 11634 | 5074 | 32317 | 32372 | 82597 | 17748 | 7127 | 22240 | 4798 | 5509 | 57422 | 24664 | 164383 | 97.6 | 12.40 |
| Ji 1954 | 11634 | 5074 | 32252 | 32372 | 82532 | 17748 | 7127 | 22240 | 4798 | 5509 | 57422 | 24656 | 164310 | 97.6 | 12.39 |
| O 1954 | 11634 | 5074 | 32252 | 32357 | 82517 | 17748 | 7127 | 22240 | 4798 | 5509 | 57422 | 24652 | 164391 | 97.6 | 12.39 |
| Ja 1955 | 11634 | 5074 | 32252 | 32357 | 82517 | 17901 | 7178 | 22240 | 4836 | 5509 | 57664 | 24702 | 164583 | 97.7 | 12.41 |
| Ap 1955 | 11634 | 5074 | 32289 | 32357 | 82254 | 17901 | 7178 | 22438 | 4750 | 5509 | 57618 | 24698 | 164558 | 97.7 | 12.41 |
| Ji 1955 | 12453 | 5090 | 33190 | 33818 | 84551 | 17948 | 7325 | 23462 | 5050 | 5831 | 58618 | 25422 | 169589 | 100.7 | 12.79 |
| O 1955 | 12453 | 5090 | 33264 | 34088 | 84895 | 17948 | 7325 | 23462 | 5050 | 5831 | 58618 | 25468 | 169979 | 100.9 | 12.82 |
| Ja 1956 | 12288 | 5210 | 33098 | 34020 | 84616 | 17948 | 7325 | 23462 | 5050 | 5831 | 58618 | 25430 | 168652 | 100.8 | 12.80 |
| Ap 1956 | 12635 | 5210 | 32951 | 32895 | 84692 | 17948 | 7325 | 23462 | 5050 | 5831 | 58618 | 25441 | 169749 | 100.8 | 12.80 |
| Ji 1956 | 12635 | 5210 | 32941 | 34955 | 85641 | 17948 | 7325 | 23462 | 5050 | 5831 | 58618 | 25422 | 170826 | 101.8 | 12.88 |
| O 1956 | 12635 | 5210 | 32941 | 34955 | 85770 | 18805 | 7648 | 24617 | 5347 | 6308 | 63108 | 26307 | 175185 | 104.0 | 13.21 |
| Ja 1957 | 12635 | 5210 | 33080 | 35749 | 86674 | 19281 | 7985 | 24617 | 5495 | 6301 | 64029 | 26818 | 177321 | 108.3 | 13.37 |
| Ap 1957 | 12635 | 5210 | 32878 | 35852 | 86673 | 19281 | 7985 | 24617 | 5495 | 6301 | 64029 | 26820 | 177324 | 108.3 | 13.37 |
| Ji 1957 | 12548 | 5297 | 32823 | 35874 | 84338 | 19281 | 7985 | 24617 | 5495 | 6301 | 64029 | 26874 | 178942 | 108.1 | 13.34 |
| O 1957 | 12528 | 5317 | 33043 | 35795 | 84483 | 20092 | 8634 | 26002 | 5626 | 6725 | 67278 | 27255 | 180967 | 107.5 | 13.65 |
| Ja 1958 | 12345 | 5398 | 32823 | 35795 | 84371 | 20092 | 8634 | 26002 | 5626 | 6725 | 67278 | 27251 | 180781 | 107.4 | 13.63 |
| Ap 1958 | 12345 | 5397 | 32731 | 35859 | 87032 | 20092 | 8634 | 26002 | 5626 | 6725 | 67278 | 27254 | 181859 | 107.9 | 13.70 |
| Ji 1958 | 12345 | 5397 | 32749 | 36341 | 88222 | 20092 | 8634 | 26002 | 5626 | 6725 | 67278 | 27307 | 181408 | 107.7 | 13.68 |
| O 1958 | 12345 | 5417 | 32721 | 36450 | 88525 | 22500 | 9040 | 29412 | 6467 | 7397 | 74318 | 28614 | 190283 | 112.0 | 14.35 |
| Ja 1959 | 12321 | 5498 | 32858 | 37167 | 89110 | 22500 | 9040 | 29412 | 6467 | 7397 | 74318 | 28674 | 191800 | 112.8 | 14.48 |
| Ap 1959 | 12321 | 5498 | 32703 | 37895 | 89998 | 22500 | 9040 | 29412 | 6467 | 7397 | 74318 | 28689 | 192583 | 114.4 | 14.93 |
| Ji 1959 | 12321 | 5498 | 32860 | 37668 | 90135 | 22500 | 9040 | 29412 | 6467 | 7397 | 74318 | 29249 | 193900 | 115.2 | 14.93 |
| O 1959 | 12321 | 5498 | 34018 | 37668 | 90273 | 22500 | 9040 | 29412 | 6467 | 7397 | 74318 | 29205 | 194085 | 115.2 | 14.93 |
| Ja 1960 | 12921 | 5498 | 34027 | 37027 | 89441 | 22940 | 9258 | 29483 | 6737 | 7844 | 78443 | 29812 | 195196 | 115.9 | 14.72 |
| Ap 1960 | 12921 | 5498 | 32184 | 37027 | 88968 | 22940 | 9258 | 29483 | 6737 | 7844 | 78443 | 29922 | 194203 | 115.3 | 14.65 |
| Ji 1960 | 12921 | 5498 | 32746 | 38734 | 88601 | 22940 | 9258 | 29483 | 6737 | 7844 | 78443 | 29162 | 192286 | 114.2 | 14.50 |

(cont. from page 408)

a period of surplus housing, however, there will be a low percentage of units vacant and available for sale. Instead of putting single-family houses up for sale and holding the listings for months on end, the houses are rented in order to bring in income. This series of statistics has been reported continuously only since 1954, so that we do not have the experience of the 1930's to draw upon. The data used at that time were skimpy and have not been brought up to date. Still, the indications are that housing is not in short supply, that there is ample housing, and that the current slump in residential construction and sales is not entirely due to restrictive credit.

Perhaps the most telling argument is the savings and lending position of savings and loan associations during the first half of 1960, when credit was supposed to have restricted building. For the first half of 1960 the net savings inflow amounted to \$3.8 billion, an increase of 6.4 percent from the first half of 1959. On the other hand, their mortgage lending was 9.7 percent less for the first half of 1960 than for the first half of 1959.

NEW INFORMATION ON MORTGAGED HOMES

THE Federal Home Loan Bank Board has come through with the first annual estimates of mortgaged dwelling units in one- to four-family nonfarm homes in the United States. This shows the number of mortgaged and debt-free homes, whether they are owner-occupied or tenant-occupied, or whether they are vacant for sale or for rent. The number of homes mortgaged has risen from 12,498,000 in 1950 to 18,847,000 in 1959, or from 35.4 percent of all houses (one- to four-family units) to 40.8 percent of all one- to four-units.

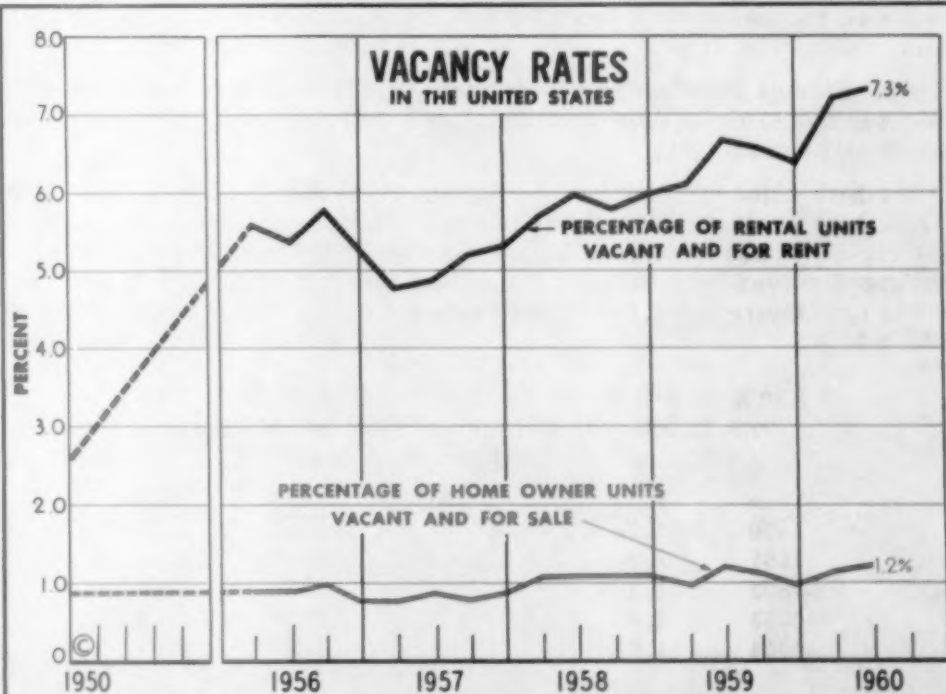
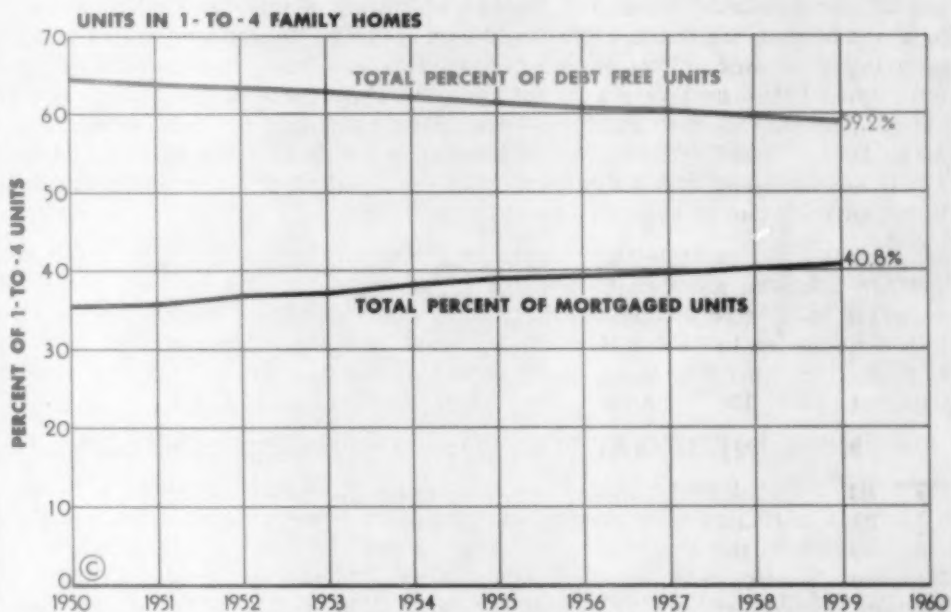
The average debt per unit rose from \$3,614 in 1950 to \$6,952 in 1959. This was due to higher loan-to-value ratios, better quality construction, and higher construction costs.

We have noted the rise in foreclosures in the last several years. Many clients have suggested that this is not important because the total number of mortgages has also increased. This new series on the annual number of homes mortgaged serves as a base for the annual foreclosure figures to provide a rate of foreclosure per 1,000 homes mortgaged. The rate has increased from 1.72 to 2.34.

RATE OF NONFARM REAL ESTATE FORECLOSURES PER THOUSAND MORTGAGED NONFARM HOMES (1950-59)

| Year | Rate | Year | Rate |
|------|------|------|------|
| 1950 | 1.72 | 1955 | 1.78 |
| 1951 | 1.38 | 1956 | 1.84 |
| 1952 | 1.32 | 1957 | 1.96 |
| 1953 | 1.49 | 1958 | 2.35 |
| 1954 | 1.72 | 1959 | 2.34 |

Percent of Nonfarm Dwelling Units Debt Free And Mortgaged



ROY WENZLICK INDICATORS OF THE REAL ESTATE MARKET

CONSTRUCTION ACTIVITY

| New Family Accommodations per 10,000 Families by City Size (in thousands) | | | | |
|--|--------|-----------|---------|--------|
| | 1,000+ | 500-1,000 | 250-500 | 50-250 |
| Jl 1959 | 22.0 | 27.0 | 24.0 | 19.7 |
| Ag 1959 | 19.6 | 28.9 | 24.7 | 17.7 |
| S 1959 | 17.7 | 28.1 | 22.6 | 18.2 |
| O 1959 | 18.1 | 24.1 | 20.6 | 16.7 |
| N 1959 | 17.1 | 23.1 | 21.7 | 17.7 |
| D 1959 | 20.6 | 27.8 | 25.6 | 20.7 |
| Ja 1960 | 15.2 | 22.3 | 16.2 | 15.2 |
| F 1960 | 16.2 | 18.9 | 18.3 | 15.4 |
| Mr 1960 | 12.5 | 20.0 | 17.2 | 15.1 |
| Ap 1960 | | | | |
| My 1960 | | | | |
| Jn 1960 | | | | |
| Jl 1960 | | | | |

MORTGAGE ACTIVITY

| Number of Mortgages Recorded per 10,000 Families | |
|--|------|
| | 72.7 |
| Jl 1959 | 71.7 |
| Ag 1959 | 70.9 |
| S 1959 | 67.2 |
| O 1959 | 66.0 |
| N 1959 | 65.7 |
| D 1959 | 63.0 |
| Ja 1960 | 64.0 |
| F 1960 | 63.6 |
| Mr 1960 | 64.0 |
| Ap 1960 | 62.7 |
| My 1960 | 62.9 |
| Jn 1960 | 63.4 |
| Jl 1960 | |

REAL ESTATE ACTIVITY

| Number of Voluntary Real Estate Transfers per 10,000 Families | |
|---|------|
| | 85.6 |
| Jl 1959 | 83.6 |
| Ag 1959 | 83.3 |
| S 1959 | 80.1 |
| O 1959 | 80.5 |
| N 1959 | 80.4 |
| D 1959 | 78.2 |
| Ja 1960 | 77.6 |
| F 1960 | 74.1 |
| Mr 1960 | 73.1 |
| Ap 1960 | 73.4 |
| My 1960 | 74.3 |
| Jn 1960 | 76.1 |
| Jl 1960 | |

COST -- TWO-STORY SIX-ROOM FRAME HOUSE (St. Louis)

| |
|----------|
| \$19,141 |
| 19,157 |
| 19,157 |
| 19,204 |
| 19,578 |
| 19,578 |
| 19,607 |
| 19,609 |
| 19,595 |
| 19,443 |
| 19,244 |
| 19,243 |
| 19,240 |
| 19,209 |

RENTS 1921-38 = 100

| |
|-------|
| 126.2 |
| 126.3 |
| 126.5 |
| 126.7 |
| 126.9 |
| 127.2 |
| 127.3 |
| 127.4 |
| 127.5 |
| 127.7 |
| 127.9 |
| 128.1 |
| 128.3 |

AVERAGE INTEREST RATE RECORDED MORTGAGES IN 11 MAJOR CITIES OF THE UNITED STATES

| |
|--------|
| 5.692% |
| 5.720 |
| 5.787 |
| 5.908 |
| 5.974 |
| 6.027 |
| 6.099 |
| 6.156 |
| 6.154 |
| 6.170 |
| 6.189 |
| 6.209 |
| 6.124 |

REAL ESTATE SELLING PRICE 1947-49 = 100

| |
|-------|
| 129.4 |
| 129.3 |
| 129.3 |
| 130.1 |
| 130.5 |
| 131.0 |
| 131.2 |
| 131.3 |
| 131.3 |
| 131.4 |
| 131.4 |
| 131.4 |

| |
|---------|
| Jl 1959 |
| Ag 1959 |
| S 1959 |
| O 1959 |
| N 1959 |
| D 1959 |
| Ja 1960 |
| F 1960 |
| Mr 1960 |
| Ap 1960 |
| My 1960 |
| Jn 1960 |
| Jl 1960 |
| Ag 1960 |

